

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 AF-08 ARA-06 EA-07 NEA-10 ISO-00
EURE-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 OPIC-03 SP-02 TRSE-00
LAB-04 SIL-01 AGRE-00 OMB-01 USIE-00 SSO-00
INRE-00 XMB-02 SS-15 NSC-05 NSCE-00 /114 W
-----081723Z 126944 /45

O R 081624Z APR 77

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 6082

INFO ALL OECD CAPITALS

AMEMBASSY ALGIERS

AMEMBASSY JIDDA

AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

AMEMBASSY YAOUNDE

AMEMBASSY NEW DELHI

AMEMBASSY JAKARTA

USINT BAGHDAD

AMEMBASSY TEHRAN

AMEMBASSY KINGSTON

AMEMBASSY MEXICO

AMEMBASSY LAGOS

AMEMBASSY ISLAMABAD

AMEMBASSY LIMA

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY BELGRADE

AMEMBASSY LUSAKA

AMEMBASSY KINSHASA

USMISSION USUN

USMISSION GENEVA

USDEL MTN GENEVA

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E.O. 11652: GDS

TAGS: CIEC, ETRD

SUBJECT: RAW MATERIALS VERTICAL G-8 APRIL 7

1. SUMMARY: APRIL 7 EXCHANGE OF VIEWS AMONG G-8 REPRESENTATIVES TO CIEC RAW MATERIALS COMMISSION FOCUSED LARGELY ON ISSUES RAISED BY OUTCOME OF MARCH SESSION OF COMMON FUND NEGOTIATIONS IN GENEVA. CONSENSUS WAS THAT THERE WAS NO WAY TO AVOID DEALING WITH ISSUE OF COMMON FUND IN CIEC AND THAT ADDITIONAL HARMONIZATION OF G-8 VIEWS WOULD BE HELPFUL. ALL DELS INDICATED, HOWEVER, THAT THEIR POSITIONS REMAINED AS BEFORE, AND US DEL (WENDT) TOLD REST OF G-8 THAT THEY SHOULD NOT ASSUME US POSITION WOULD CHANGE DURING REMAINDER OF CIEC. WITH RESPECT TO PROCEDURES, GROUP DECIDED TO OPERATE ON ASSUMPTION THAT WORK WOULD BE TAKEN UP AT END OF APRIL IN SAME CONTACT GROUPS THAT HAD BEEN ESTABLISHED LAST NOVEMBER. THERE WAS GENERAL AGREEMENT G-8 SHOULD TRY TO COME UP WITH FRESH LANGUAGE TO BREAK IMPASSE REPRESENTED BY NOVEMBER TEXTS AND SHOULD PLAN ON HARD WORK DURING WEEK OF APRIL 25 TO DEVELOP COMMON POSITIONS BEFORE CONTACT GROUPS BEGAN MEETING. END SUMMARY.

2. SUBSTANCE: FOCUS OF SUBSTANTIVE DISCUSSION WAS, AS EXPECTED, ON ISSUE OF COMMON FUND, WHICH ALL DELS RECOGNIZED WOULD HAVE TO BE DEALT WITH IN SOME FASHION BY CIEC GIVEN THE OUTCOME OF THE GENEVA CONFERENCE. US, JAPAN, CANADA, AND AUSTRALIA REITERATED VIEW THAT ESTABLISHMENT OF COMMON FUND COULD NOT BE AGREED TO BEFORE DETAILS OF ITS OPERATION WERE KNOWN. US DEL POINTED OUT PROBLEM FOR G-8 ARISING FROM FACT THAT G-19 WOULD PRESUMABLY MAKE DEMANDS FOR ACCEPTANCE OF CONFIDENTIAL

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CF BUT WOULD NOT BE ABLE TO NEGOTIATE SPECIFIC ELEMENTS ON BEHALF OF 77. THUS, IF G-8 ENDORSED CF AT CIEC, IT WOULD HAVE MADE A MAJOR CONCESSION WITHOUT THE 77 HAVING CONCEDED ANYTHING WITH RESPECT TO STRUCTURE AND ELEMENTS OF CF. US DEL INDICATED THERE HAD BEEN NO SHIFT IN US POSITION SINCE THE GENEVA MEETING AND THAT OTHERS SHOULD NOT ASSUME SUCH A SHIFT WOULD OCCUR DURING THE REST OF CIEC. EC ASKED OTHERS TO CONSIDER CIEC COMMUNIQUE LANGUAGE PATTERNED AFTER THAT OF ROME EUROPEAN COUNCIL DECISION, CONTAINING FORMULA "THERE SHOULD BE A COMMON FUND", AND SUGGESTED ONE WAY AROUND PROBLEM OF BEING UNABLE TO SATISFY G-19 IN CIEC FINAL RESOLUTION WOULD BE UNILATERAL DECLARATIONS OR ASSURANCES BY G-8 MEMBERS THAT WENT SOMEWHAT FURTHER.

3. DISCUSSION OF OTHER SUBSTANTIVE ISSUES WAS BRIEF. EC SAID CONSIDERATION SHOULD BE GIVEN TO INITIATING AN INTERNATIONAL STUDY OF A NEW EARNINGS STABILIZATION

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FM USMISSION OECD PARIS
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INFO ALL OECD CAPITALS
AMEMBASSY ALGIERS
AMEMBASSY JIDDA
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AMEMBASSY BELGRADE
AMEMBASSY LUSAKA
AMEMBASSY KINSHASA
USMISSION USUN
USMISSION GENEVA
USDEL MTN GENEVA

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SCHEME AS PART OF THE FINAL CIEC PACKAGE, BUT PROVIDED NO DETAILS ON COMMUNITY'S THINKING OTHER THAN THAT NEW FACILITY SHOULD BE COMMODITY ORIENTED. US SAID IT WOULD WELCOME FURTHER DETAILS ON ANY EC PROPOSALS ON EXPORT EARNINGS, STABILIZATION AND INDICATED ITS OWN APPROACH TO THIS ISSUE WAS TO CONSIDER POSSIBLE FURTHER IMPROVEMENT OF IMF FACILITY IF NEED WAS DEMONSTRATED AND IF IMF RESOURCES WERE SUFFICIENT. US DEL ALSO FLOATED POSSIBILITY OF INCLUDING A CAUTIOUSLY WORDED SENTENCE OR TWO ABOUT INDIVIDUAL COMMODITIES IN FINAL RESULTS (THIS RECEIVED SUPPORT FROM AUSTRALIA). US DEL INDICATED CONTINUING INTEREST IN PURSUING INVESTMENT AND RESOURCE DEVELOPMENT ISSUES AND SAID US WAS CONSIDERING IDEA OF GREATER WORLD BANK ACTIVITY IN THIS AREA IN CONNECTION WITH AN IBRD CAPITAL INCREASE. US AND EC AGREED TRADE WOULD REMAIN AN IMPORTANT PART OF CIEC PACKAGE AND US SUGGESTED RAW MATERIALS AND DEVELOPMENT G-8'S WOULD NEED TO CONTINUE TO COORDINATE THEIR APPROACHES.

4. PROCEDURES: G-8 ADOPTED ASSUMPTION THAT SAME CONTACT GROUPS ESTABLISHED LAST NOVEMBER WOULD BE FOCUS OF WORK DURING APRIL 29-MAY14 "WINDOW", WITH FREQUENT G-8 MEETINGS NECESSARY TO ENSURE THAT VIEWS OF THOSE MEMBERS NOT PARTICIPATING IN CONTACT GROUPS WOULD BE FULLY TAKEN INTO ACCOUNT IN FINAL RESULTS. DELS ALSO AGREED WITH US VIEW, SUPPORTED BY G-8 CO-CHAIRMAN MIYAZAKI, THAT CONTACT GROUPS WERE RESPONSIBLE TO AND DERIVED THEIR MANDATE FROM THE RAW MATERIALS COMMISSION ITSELF, AND THAT COMMISSION LEVEL MEETINGS SHOULD TAKE PLACE AS NECESSARY.

5. WHILE NO ONE DOUBTED THAT STARTING POINT OF CONTACT GROUP DISCUSSIONS WOULD HAVE TO BE THE HEAVILY-CONFIDENTIAL

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BRACKETED TEXTS PRODUCED BY THE NOVEMBER SESSION, ALL THOUGHT THERE WAS A NEED TO DEVELOP SOME NEW LANGUAGE AND PROPOSALS, AND IF POSSIBLE ELIMINATE SOME TOPICS ALTOGETHER, IF STERILE DEBATE WAS TO BE AVOIDED. MOST BELIEVED, HOWEVER, THAT IT WAS UNLIKELY G-19 COULD BE PERSUADED TO GIVE UP ANY PARTICULAR TOPICS. G-8 MEMBERS WILL CONSIDER CAREFULLY IN CAPITALS HOW DIFFERENCES IN NOVEMBER DOCUMENTS COULD BE BRIDGED, AND CONVEY THEIR VIEWS BILATERALLY OR THROUGH OECD DELEGATIONS AS APPROPRIATE. DELS AGREED TO SPEND AS

MUCH TIME AS MIGHT BE AVAILABLE DURING WEEK OF APRIL 25
TRYING TO DEVELOP COMMON POSITIONS, EITHER IN G-8
MEETINGS OR MEETINGS OF WORKING PARTIES ASSOCIATED WITH
CONTACT GROUPS.

6. INFO ADDRESSEES SHOULD NOTE THAT THE FOREGOING
REPORT IS FOR THEIR INFORMATION ONLY AND THAT STATE-
MENTS OF THE U.S. REP SHOULD NOT BE REGARDED AS
GUIDANCE.
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Message Attributes

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